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Uber Eats - Internship

**Restaurants' Adaptations in the Online Delivery Channel During the Covid-19
Pandemic**

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I. Abstract

This project focuses on the restaurants' adaptations to the Online Food Delivery channel, forced by the Covid-19 pandemic. In the context of a work experience at Uber Eats, some research questions related to this industry emerged. Therefore, relevant information was gathered, through the conduction of interviews to both restaurants from multiple portuguese cities and some of Uber Eats' top Managers. As a result of this research, it was possible to highlight diverse patterns associated to the restaurant's management structures, guidelines and challenges that directly impact Uber Eats' competitive advantage and opportunities that were accelerated by this pandemic.

II. Key words: Restaurants, Delivery, Covid-19, Pandemic, Digital, Platforms

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1. Introduction

Online Food Delivery platforms have been expanding during the last few years. However, despite these platforms becoming more and more relevant to the restaurant's main revenue streams, it cannot be denied that the major increase in adoption of online channels by restaurants happened during the Covid-19 pandemic. Actually, most restaurants that were not yet in the delivery business joined online delivery platforms in the last few months. Still, this new paradigm has brought many new challenges to restaurants, one of them being the need to successfully digitize within just a few weeks, under penalty of not generating enough revenues to keep the business open.

Thus, supported by a thorough contextualization, the Work Project has the following purposes: (i) characterize Online Food Delivery (both its market and its platforms), identify market and consumer trends related with the industry and familiarize the reader with Uber Eats' business; (ii) apply a methodology that, together with interviews and an internship experience at Uber Eats, can test some research questions; (iii) determine valid conclusions to the addressed research questions, as well as next steps regarding possible further analysis.

2. Contextualization

2.1 Covid-19 Disruption

In December 2019, starting from China, an infectious disease that can cause acute respiratory issues generated a world pandemic. The year 2020 was marked by the official spread of the Covid-19 virus, changing the world as we know. In October of 2020, the corona virus had almost reached the four million landmark in terms of confirmed cases and surpassed one million deaths throughout 235 countries. It has forced the world's population to face several periods of quarantine and forcibly implemented the concept of social distancing

(Ghebreyesus 2020). Due to its high level of contagion, individuals were (and still are, to some extent) bound to stay at home, preventing businesses from operating normally.

The restaurant industry is, in fact, one of the most impacted industries by the virus. Both quarantine and the new social behaviors led consumers to decrease their presence in public places, causing restaurants, whose operations regarded primarily “dine-in” customers, to witness an accentuated fall in revenues. According to a New York Times article, it is believed that up to 75% of smaller independent restaurants that closed during the pandemic are not expected to survive the ongoing crisis (Severson and Yaffe-Bellany 2020). This indicator is relevant for the portuguese paradigm, given that small and medium companies account for 99.9% of all the country’s businesses (Andrade 2020). Nevertheless, the existence of Online Food Delivery platforms (such as Uber Eats) contributed to the survival of the existing establishments, by giving businesses access to a wider and efficient set of buyers (Raj, Sundararajan and You 2020). In fact, “Business-as-usual” has changed, shifting towards digital channels and moving away from physical commerce, with 85% of small and medium companies reporting substantial benefits following digital adoptions (Deloitte 2019).

Online Food Delivery, in particular, was already accelerating pace even before the outbreak of the virus. However, the Covid-19 pandemic pulled this industry forward by nearly three years, reaching 13% of the addressable market in 2020, instead of in 2023, as prior analysis estimated (Appendix 1). Additionally, european order-level data from Online Food Delivery showed that there is an increase in the number of new consumers that are trying food delivery for the first time (with rates ranging from 1% to 4%) and 35% to 55% of existing customers state that they intend to use these services more in the forthcoming future (Hamza, et al. 2020).

2.2 Online Food Delivery

2.2.1 Online Food Delivery Platforms

Online Food Delivery is a three-sided marketplace connecting restaurants/retailers, couriers and customers (Austin n.d.). This model is built on top of an intermediary platform, that enables the consumers to order-in from a wide variety of restaurants through a single online portal and expands the business for various restaurants/retailers by using the scalability of the internet (Hirschberg, et al. 2016) The service consists of food orders, from groceries to restaurant cooked dishes, that are carried out through digital apps and are delivered to the customers with the support of the couriers (Wang, et al. 2018).

These platforms can be either a fully integrated model that keeps every part of the service's operations in-house, or a system that outsources parts of its operations (such as the delivery logistics). The players in the Online Food Delivery Industry (such as Uber Eats or Glovo) provide extensive services to their direct partners (restaurants/retailers). The service can be entirely digital, with respects to Marketing & Advertising and Platform Management, can regard the logistics for the deliveries (couriers) and can also be a mix of the two, depending on the partner's needs.

Online Food Delivery platforms were born and grew in an era where convenience is key to success. Accordingly, these services offer to the users a possibility to quickly compare a variety of restaurants in terms of menu, price and reviews from peers. In addition, this new model diversified this industry's sources of revenue, increased the utilization rate of existing facilities, and expanded the restaurant's network of clients. Business models evolved, particularly referring to restaurants that traditionally did not targeted home-delivery and are now open to new business opportunities (Hirschberg, et al. 2016).

2.2.2 Market Description

Within the Online Food Delivery Industry there are two distinct forms of business. The first type is the Restaurant-to-Consumer delivery, also known as the “aggregators”. This is the traditional delivery category, that regards orders carried out by restaurants, with the delivery handled by themselves and with the support of digital platforms to facilitate the ordering (external platforms, such as Uber Eats, or internal websites, such as Domino’s or Sushi at Home). The second type is the Platform-to-Consumer delivery, that currently comprises 52% of total worldwide order volume and will be the focus of this Work Project. The latter regards the provision to customers of cooked meals from partner restaurants, by providing the whole logistics networks (ordering, delivery when necessary, and so on) and charging fees for both restaurants and consumers (Bakker 2016).

In 2016, before the outbreak of the Covid-19 pandemic, a Morgan Stanley research highlighted that “there was a drop in the bucket in terms of the total addressable market for food delivery” (Bakker 2016). As we may see in Appendix 2, the worldwide revenue growth of Online Food Delivery has been increasing exponentially for the last few years, with an average rate of 26%. Furthermore, it is expected that the number of users will increase up to 261 million and that user penetration will go up from 6.9% in 2017 to 12.5% in 2024 (Appendix 3 and 4). The previous clearly states that this market, despite in 2016 being underpenetrated, had an enormous potential (even before the growth resulting from the pandemic) and was expected to grow accordingly.

In a more detailed note regarding Online Food Delivery in Portugal, within the global rank, the country comes in the 47th place in terms of revenue from Online Food Delivery and in the 32nd place with user penetration (Appendix 5 and 6). In 2020, both Restaurant-to-Consumer and Platform-to-Consumer Delivery generated a total of \$150 million (with a projected market volume of \$213 million by 2024) and, unlike the worldwide average,

Restaurant-to-Consumer Delivery represented the bigger chunk of the pie (\$78 million). Furthermore, 15% of the portuguese population are now active users of these platforms' services (Platform-to-Consumer Delivery), and this number is expected to go up to around 20% by 2024 (Statista 2020).

Digital platforms are now empowering even more the food industry by connecting restaurants with the online delivery world (Bakker 2016). Both Restaurant-to-Consumer and Platform-to-Consumer delivery have attracted significant investments over the years, which aligned with the absence in limit to the number of restaurants that can sign up into these platforms, leads us to the conclusion that in fact, these platforms will firmly grow. In 2018 only, more than \$9.6 billion were invested in these kinds of companies and these injections came mainly from leading investors such as Alibaba, Tiger Capital and SoftBank (Singh 2019).

2.2.3 Market Trends

According to a report from McKinsey & Company, “the rise of digital technology is reshaping the market”. As we may see in most industries, businesses are evolving in response to an upward demand regarding convenience, experience and transparency. Accordingly, the Online Food Delivery Industry is expanding towards providing wider choices, from which new business ideas have been emerging (Hirschberg, et al. 2016). These concepts and ideas emerged from the rapid growth of the “Internet of things”, which regards the evolution of the internet from a simple network of computers, to an interconnected system that enables the communication and sharing of information between itself and the so-called physical “things” (people, animals, smart phones, buildings, services, and so on) (Patel and Patel 2016). Indeed, big companies such as Amazon, Facebook, Google and Uber are creating online structures that enable a wide range of human activities (Kenney and Zysman 2016). Just like the Industrial Revolution back in the 18th and 19th century, we now have a new market revolution, but

instead of being centered on factory changes, it is centered on the emergence of a digital platform economy.

The Online Food Delivery Industry has been one of the most impacted industries by the current digital disruption and, according to an article of Frost & Sullivan, “everyone craves a slice of this pie”. In fact, we may see that even companies from outside this industry are now expanding into the field. Fintech firms are integrating their payment systems (such as digital wallets) into these food delivery apps and charging them for the service, Hotels are using their existing kitchens to cook meals to be delivered through food delivery apps and companies (such as independent courier firms or automotive manufacturers, like Ford or Toyota) are looking to fill the gap from long distance deliveries (Singh 2019).

In order to sustain their performances, companies need innovation strategies, which are efforts that align the company’s overall business strategy with ongoing market changes (digital disruption, evolution of customer’s satisfaction, and so on). These efforts intend to create value for existing and potential clients, in order to stay competitive and to fulfill market needs (Pisano 2015). Thus, as expected, we may also highlight some trends within Online Food Delivery companies that emerged from the need for business update. Firstly, an unconventional method is becoming more and more popular within the market, involving robots and drones that take care of deliveries, which significantly reduces costs for food delivery apps and potentiates general efficiency (Domino’s is already operating with these robots in the USA) (Singh 2019). Secondly, a new concept, referred to as “dark” or “cloud” kitchens, emerged within this industry. These kitchens are commercial facilities (rented to various restaurants) that operate with the goal of serving takeaway orders, consequently lowering initial capital investments, given that the setup is much simpler. This approach allows businesses to maintain margins while offering cheaper rates (as the already existing portuguese company Kitch does) (Singh 2019). Thirdly, food delivery apps are taking a step back in the food supply chain, in order to

supply restaurants, other food preparation businesses or even actual end-customers with consumable goods (as an example, Uber Eats delivers Unilever's products to users) (Singh 2019). Fourthly, innovative ordering channels (such as ordering by tweet, ordering with virtual assistants, ordering through smartwatches, from the car or from the TV) are trending. Lastly, there are emerging platforms that intend to indulge the demand of different niches (in Portugal there is already the company Too Good to Go, that fights food waste) (FATbit n.d.).

2.2.4 Consumer Trends

The Online Food Delivery's value proposition tackles the customer's desire for restaurant-quality experiences inside their homes, as well as the consumer's need for alternatives to the typical home-cooked meals (Hirschberg, et al. 2016). Online Retailing entered this market as a response measure, given that it presents an unlimited set of food products and respective services (ordering, delivery, and so on), from which consumers may benefit from "product customization, real time interactive communication and fast delivery" (Yeo, Goh and Rezaei 2016). Accordingly, Online Food Delivery emerged from the customer's perception of the convenience and usefulness inherent to this online service. Convenience, an ongoing trend in consumer behavior, regards the "amount of effort and time a consumer perceives to save" when shopping/consuming a certain product or service (Goebel, Benoit and Pibernik 2012). The latter increases the customer's perceived value of the service, encouraging users to make less rigid price choices and to fulfill instant desires (Yeo, Goh and Rezaei 2016). In addition, despite less obvious, factors such as the platforms' user-friendly characteristics, its speed and the consumer's perceived control of the platform also have a strong influence on the consumer's loyalty and purchase decisions (Goebel, Benoit and Pibernik 2012).

On average, 84.5% of private households throughout Portugal have internet connection at home (Pordata 2020). Nevertheless, from the 44.8% of the portuguese population that buys

online, the most relevant numbers come from the two major urban areas (Lisbon and Oporto), which might be explained by the increased business traffic and demographic concentration (especially of younger individuals) in those regions. Furthermore, the typical portuguese e-buyers are predominantly women (51,5%), between 25 and 44 years old (66%), belonging to the middle and upper social classes (81% and 77% respectively) (Teixeira 2020). In what regards Online Food Delivery, in 2020 Platform-to-Consumer delivery reached a market of one million users, which is expected to amount to 1.3 million by 2024 (Appendix 7).

3. Uber Eats

3.1 Internship Description

The main task of this position (as territory Account Manager) was to manage Uber Eats' relationship with over 600 businesses located in Portugal. Account Managers are divided into two categories (enterprise and small and medium businesses) and into two distinctive areas (Lisbon and Rest of Portugal) (Appendix 8). In this case, the scope of the internship was to manage small and medium businesses of fourteen different geographies in the Rest of Portugal area (apart from Oporto and Braga that are managed individually) (Appendix 9).

Within this position, it can be highlighted the creation of restaurant promotions, consultancy work regarding operations within the platform and managing restaurants' daily needs. Moreover, there are also some strategic responsibilities that include stimulating users from different cities, identifying and analyzing well performing restaurants, renegotiating contracts and analyzing the existing portfolio of restaurants.

In order to perform the referred tasks, it was important to build close relationships with restaurants, to offer availability and to always be in contact with the businesses. These communications were most commonly done by email, telephone, or video call, but also through physical visits to the most important partners and cities (which occurred when necessary). In

addition, there was weekly internal feedback with the Rest of Portugal's City Manager, in order to assess the Account Managers' performance and to align and define strategies to be implemented in specific cities or with specific restaurants. Furthermore, Uber Eats is still a novelty company within the portuguese market, thus employees dedicate a relevant part of their time in developing and optimizing tools and procedures that support the operations. Thus, every week, in addition to presenting the portfolio's results (and respective growth indicators), current marketing campaigns and tasks to be performed, each AM must present its further individual projects and participate in training sessions.

3.2 Company Description

Uber is a platform that offers two distinct types of services. On one hand, it connects drivers to riders (people looking for transport), and on the other hand, since 2015, it connects restaurants and the consumer goods business to eaters (people looking for food and other consumable goods inside the comfort of their homes or workplaces) (Uber n.d.).

The creation of Uber Eats came after the creation of Uber Rides, following a desire to “transport more than humans” (Carson 2016). Uber Eats took advantage of the Rides business to burn steps in the path to become a reference in the Online Food Delivery Industry. Uber Rides contributed with a strong business knowledge base and with the reinforcement of the user's loyalty to Uber's brand. Users already had their app installed and felt that their bank details and personal information were safe. By using the Uber Rides app during the company's early stages, Uber Eats enabled the mitigation of several barriers to consumption, by simply associating itself to Uber's brand. An existing customer base (across many countries and cities) coming from de Rides business, the brand's global presence and reputation and an already established management algorithm, were the three main pillars that enabled the company to thrive within the market (Austin n.d.).

The Eats business shaped its product into a well-established service, with very high standards regarding quality (fast deliveries, no minimum order value and proactive management of the workforce) (Austin n.d.). One example of the previous was settling a radius, in contrast to other companies that did not have one, thus limiting the delivery to a restricted area around restaurants, allowing a more reliable service with well-thought logistics. Furthermore, since the beginning, the company used strategies such as A/B testing to analyze user experience (UX) and data management to provide insights on the customer's purchase habits and thus enhance both the customers and the restaurants' experiences (Onassis 2017).

Uber Eats is a major driver of the Online Food Delivery Industry and has operating services in 45 countries and more than 6000 cities (UberEats n.d.). The company currently registers around \$1.4 billion in annual revenues and delivers up to a billion orders every year (Singh 2019). Regarding the Portuguese market, Uber Eats' services are already available in 65 cities in Portugal (covering 65% of the whole population) and account for over 6000 restaurant partners (apart from consumer goods businesses). In addition, during Covid-19's confinement, Uber Eats' sales grew at a 160% rate and the number of restaurants entering into the platform increased by 130% (Conceição 2020).

3.3 Business Model

Uber Eats' business model is divided into two main strands: B2C, which is the company's relationship with customers, and B2B, which regards the service provided directly to partners (restaurants and other consumer goods businesses).

On one hand, with the consumers (B2C), there is no minimum order value and the transportation fee is a pre-established amount that varies according to the distance of the delivery. In addition, online menus do not necessarily need to be the same as in the brick and mortar locations, with restaurants usually increasing prices for the customers on the platform,

to be able to maintain the same margins they are used to earn on physical operations. Also, additional costs regarding cancellation fees might be charged to the user, to support sunk costs incurred with the order. However, if there is some kind of failure from Uber's logistics, the cost is absorbed by the company and a refund for the impacted parties takes place.

On the other hand, with B2B the company charges businesses a pre-negotiated commission fee (that might go up to 30% of the total order ticket) on every order. This fee can vary according to factors such as gross booking, average basket value, strategic importance, exclusivity agreements, number of locations, among others. Besides lowering these percentages, Uber Eats also negotiates with marketing budgets that fully or partially finance promotional campaigns and aim to increase the restaurant's visibility, give incentives to expand the market in new locations, attract new users to the platform and increase loyalty. These promotions usually comply with the following format: "Buy One Get One For Free", "Free Delivery", "Spend 15, Save 10", "5 Euros Item", and so on. Additionally, Uber Eats also provides logistics services, that can be under three different types of courier models. Firstly, the 3P model (the most common one), in which restaurants and other businesses only use Uber Eats' workers for deliveries. Secondly, the 2P model, that regards the businesses using their own courier fleet. Despite having a lower commission fee and a greater control over the delivery, restaurants/businesses will be fully responsible for supplying throughout peaks of demand, but also paying salaries to the couriers even when there is no activity. Finally, there is one hybrid solution of these two models, in which the businesses have their own fleet of couriers, and have Uber Eats to intervene in peak demand moments and in orders outside the restaurant's pre-established radius.

3.4 Competitors

Regarding competition, Online Food Delivery in Portugal definitely shifted with Uber Eats' presence. Before 2017, the market was clearly dominated by the Restaurant-to-Consumer model (with Pizza Hut, Telepizza or more recently Domino's) and NoMenu acted as the main player for Platform-to-Consumer delivery. Nevertheless, after Uber Eats' penetration, the market boomed and many new players got in. Nowadays, Uber Eats is the main Online Food Delivery player in Portugal (with a market share of 30%) and is clearly dominating in what regards portfolio diversity. Still, Glovo (a spanish company very successful in the Online Groceries Delivery Industry) and Telepizza (one of the main pioneers in terms of Online Food Delivery) act as the biggest threats (with a market share of 20% each). Moreover, Yum! Brands (KFC, Pizza Hut and Taco Bell) and Domino's act as third lead players (with 10% market share each). The rest of the market is constituted by Takeaway.com (with a market share of 5%) and other brands from both Platform-to-Consumer and Restaurant-to-Consumer Delivery (with the remaining 5% market share) (Appendix 10). Finally, it is expected that international competitors, such as iFood and Zomato, will enter the market over the next few years, as did the newcomer Bolt Food. Additionally, we may see that, mainly in central regions of Portugal, local food delivery companies are emerging, such as Pede e Come and The Xico's.

4. Research Questions

	Research Questions (RQ)
RQ1	Did the restaurant's ownership structure influence positively the response to Covid-19 pandemic?
RQ2	In which ways did the Covid-19 pandemic create new business opportunities within the Online Food Delivery Industry?
RQ3	How to replicate Uber Eats' competitive advantage in Lisbon and Oporto, in other portuguese cities?

Table 1 - Research questions emerged from the literature review and the Uber Eats' internship experience

5. Methodology

From the know-how acquired throughout the internship, as well as daily tasks that are the Account Manager's responsibilities (within the scope of the four-month internship at Uber Eats), various challenges, shifts, and contexts emerged as potential subjects for further analysis. Accordingly, in order to deepen the understanding regarding these matters, a literature and benchmark data collection was carried out (from academic articles, publications and online sources), from which it was possible to formulate three final research questions. Thereafter, the hypotheses were confirmed or refuted from a qualitative data analysis. This analysis was made through interviews to Uber Eats' top Managers (the General Manager and both Lisbon and Rest of Portugal's City Managers) and to restaurant owners/managers (12 interviews, representing 21 businesses in total), with some information censored due to confidentiality requirements (Appendix 11). The chosen procedure was data source triangulation, which refers to "the use of multiple methods or data sources" as a way to "test validity through convergence of information from different sources" (Cope 2014).

On one hand, it was important to gain perspective on the business and market as a whole in the context starting before the pandemic up to the present, ideally from individuals that mastered the business evolution. Consequently, three interviews to Uber Eats' top-level managers were made: the General Manager (responsible for Uber Eats in Portugal) and both City Managers (responsible for Lisbon and Rest of Portugal).

On the other hand, in addition to having a general perspective from online delivery intermediaries, it was important to retrieve insights from actual ground players (the restaurants), in order to gain in depth knowledge on how they were impacted by the pandemic, how did they fit into the market shift and what is their understanding of it. For this reason, a diversified and accurate sample was created (Appendix 11). First of all, the sample only considered Uber Eats' top performers, which are defined based on the number of weekly orders.

In addition, among top performers, two categories were included based on the businesses' ownership constitutions: group ownerships (businesses that own more than one restaurant) and single ownerships (businesses that constitute in one only restaurant). Finally, it had to incorporate restaurants from different types of cities all over continental Portugal (north/center/south), that consequently have different consumption behaviors, as well as distinct market patterns. In this sense, two additional distinctions were carried out to formulate the basis for the sample: the cities' geographical distribution (littoral, where the most developed areas in continental Portugal are, versus interior) and its online delivery maturation (Lisbon, the biggest metropolitan region in Portugal and the pioneer in the portuguese Online Food Delivery, versus Rest of Portugal) (Appendix 12). Moreover, every city interviewed was part of the internship's portfolio of restaurants, apart from Lisbon that was added to the sample due to its contribution as the most important geography for Online Food Delivery in Portugal.

6. Results

6.1 Interviews' Structure

The interviews followed a semi-structured form, given that the sessions unfolded into conversations, "offering participants the chance to explore issues they feel are important" (Longhurst 2010). In this case, this methodology allowed more open responses, enabling the analysis of related opinions, emotions, and diversified experiences that would not be contemplated or inferred from more structured inquiries. There was, however, a pre-determined list of questions (which the participants only got to know at the time of the conversation), that did not restrict the interview, but rather gave guidance to it. Accordingly, these questions were divided into three groups, in accordance with the research questions. Additionally, the interviews took place by phone (according to the participant's availability, thus at irregular times), with a duration ranging from 10 to 20 minutes. Furthermore, each inquiry was

conducted in Portuguese, in order to facilitate the communication with the interviewees, and the consent to record the sessions was asked at the beginning of each one.

6.2 Data Analysis

RQ1: Did the restaurant's ownership structure influence positively the response to Covid-19 pandemic?

According to the interviews, restaurants whose structure is group ownership, and thus have multiple locations, have the opportunity to scale their business and make the whole operation more viable. According to Uber's City Manager responsible for the Lisbon market, *"these restaurants can share good practices among their locations and thus accelerate the growth of less mature restaurants by optimizing costs, with the implementation of a centralized packaging purchase, for example"*. Also, he believes that *"restaurants with successful operations and stable financials can support other restaurants within the group that are struggling, by financing them or providing relevant insights that capacitate them to overcome difficult periods such as the Covid-19 pandemic"*. Moreover, it was highlighted that businesses with a group ownership used strategies such as combining multiple restaurants into a single kitchen (virtual restaurants) or selling physical property (such as furniture), to finance the survival of the group as a whole.

In contrast, restaurants whose structure is individual ownership do not have portfolio diversification and thus, are faced with a higher risk. During periods of crisis, these businesses experience sharp decreases in total revenues and are fully responsible for the financial impact of the previous. Uber's Rest of Portugal City Manager cited, *"as an example, when circulation restrictions were established due to Covid-19 pandemic, businesses with restaurants in multiple locations were more able to overcome underperforming periods, given that revenue streams in cities with less restrictions compensated for the troughs in the remaining locations"*.

Furthermore, it was noticed that restaurants presented diverse management profiles, which contribute directly to their performance levels. On one hand, in general, restaurants with group ownerships have more professional structures (Professional Management), with stronger operations in terms of Marketing and Accounting, actually outsourcing these interventions in some cases. On the other hand, for businesses with individual ownerships, management relies entirely on the owner (Sole Management) or, in some cases, the whole business is managed by family members (Family Business) (Appendix 13). In fact, businesses with group ownerships have more defined and supported business strategies, consequently dictating the company's ability to adapt to diverse scenarios, such as Covid-19.

Finally, we could see that, in general, these businesses adapted their operations' strategy for their integration in the Online Food Delivery platforms, both in terms of Menu (price adaptation to face extra costs of delivery, general structure optimization, exclusive menu for delivery or specific item test for future integration) and in terms of Packaging (elevation to face customers and operations' feedback, substitution for more cheaper solutions or adoption of sustainable materials). Still, group structures presented more personalized approaches, by investing in elevating their services, consequently being more capable to thrive in the industry. In contrast, apart from one interviewee, individual ownership businesses were almost entirely focused on monetary aspects, increasing their margins through price augmentations and reducing costs with packaging (Appendix 13).

RQ2: In which ways did the Covid-19 pandemic create new business opportunities within the Online Food Delivery Industry?

Throughout every interview the fact that the Covid-19 pandemic "accelerated the restaurant's industry digitalization" was mentioned. Still, it was also highlighted that, in order to maximize existing resources and to survive, in addition to engaging in digital activities, some businesses had to take a step forward and invest in additional sources of revenue. As Uber Eats'

Rest of Portugal City Manager referred, *“some restaurants are now making more money with Online Food Delivery and brick and mortar locations restricted due to the pandemic, than they were before with their physical businesses working in full capacity”*.

One key trend of the Online Food Delivery Industry boomed during the Covid-19 pandemic, which was the adoption of dark kitchens that work exclusively for delivery (Appendix 13). Uber Eats' Lisbon City Manager believes that, with this business model, restaurants reduce costs, by *“being strategically located to provide to the highest number of users (even from a dark alley), instead of paying to have the best corner in town”*. In this sense, restaurants can have a kitchen for this sole purpose or share a space with other businesses. Also, as did one of the interviewees, this might be an opportunity to take advantage of a kitchen that was not being used, or to try-out a business idea (such as expanding to different locations or launching new restaurant categories) before opening physical restaurants.

Alternatively, we could see that some restaurants took advantage of an already established business to replicate it in a virtual context, for cost reduction purposes, for new food categories experiments or to attract different segments of customers (Appendix 13). Usually, this is described by a combination of multiple restaurants into a single kitchen, in order to create a virtual restaurant. This business model is similar to dark kitchens, but different in its origin (dark kitchens are for completely new businesses and virtual restaurants are adaptations of already existing ones). One example of a restaurant category that is commonly adopting this strategy is the fine dining (as seen in the interviews). Especially during periods of crisis such as the one with the Covid-19 pandemic, in order to attract a more generic public to face revenue troughs, these businesses are creating virtual restaurants under a different brand.

RQ3: How to replicate Uber Eats' competitive advantage in Lisbon and Oporto, in other portuguese cities?

As stated by Uber Eats' General Manager, *"Uber's brand and services are well recognized in Lisbon and Oporto, not only because users from both cities are usually a young and digitized segment of the population (and thus more receptive towards digital services), but also because the business is operating there for the longest"*. Added to the fact that one key driver for users to order food from Uber Eats is the convenience of doing it through the Uber Rides App, it was highlighted that the Eats business can also take advantage of the reputational work done by the Rides business. Consequently, in cities less aware in terms of the Uber brand (resulting from a weak or null Uber Rides' operation) and in terms of digital services (such as Online Food Delivery), Uber Eats must put more effort into creating that advantage to itself.

On one hand, the company must attract partner businesses to the platform, by differentiating itself from the competition. Firstly, it is important to fight the stigma that these platforms cannibalize physical operations and clarify that Uber's business model consists in an additional channel of revenue for restaurants. Uber Eats' General Manager stated that, in fact, *"the delivery often increases brick and mortar revenues, given that users are very likely to visit physical restaurants after having positive experiences with the businesses through online channels"*. Secondly, Uber Eats' Rest of Portugal City Manager believes that *"word of mouth is essential to attract and to tease businesses into joining the platform"*, thus it is paramount to guarantee positive feedback from the businesses. In fact, from the interviews we could see that the majority of restaurants have been praising aspects such as: Uber's strong marketing campaigns (through engagements in promotions and general interaction with users), the platform's capabilities to scale the business (with a large number of reachable users), the app's software (characterized by its convenience, intuitiveness and ability to give autonomy to businesses) and a strong notoriety (associated to the brand reputation). Finally, despite the general feedback being highly positive, Uber Eats needs to tackle some other dimensions that

resulted from the sudden business growth during Covid-19 pandemic. The lack of couriers, a recently controversial service fee, an ineffective support and a lack of humanization of the platform towards the businesses, are some of the aspects that should be taken care of (Appendix 13).

On the other hand, Uber Eats must also attract users into the platform. For this, the company needs to create a desire and to demonstrate that its services are the best choice in the market. According to Uber Eats' Rest of Portugal City Manager, *"Uber Eats differentiates itself from the competition through a better and more diversified restaurant selection, an attractive app and efficient operations"*.

7. Results

7.1 Conclusions

The Covid-19 pandemic pulled the Online Food Delivery Industry forward by nearly three years, forcing restaurants and business in general to adapt in a short period of time. It can be highlighted that both consumption patterns and restaurant's revenue streams have changed, shifting towards digital services, such as Online Food Delivery. As a matter of fact, in the everyday interaction with this industry (throughout the work experience at Uber Eats), it can be seen that, due to the underperformance of brick and mortar locations, restaurants are under a much higher pressure in what regards compensating revenues with alternative channels such as Online Food Delivery. However, despite an increasing consumer demand (especially in times of confinement), restaurants are successfully adopting these digital tools.

Firstly, it was observed that the business highly benefits from synergies between restaurants (group ownerships), due to the possibility of saving costs, redirecting financing and sharing good practices. Also, those restaurants usually have more professionalized management structures and stronger operational investments (regarding Menu and Packaging),

thus being more able to develop efficient business strategies to successfully face this new paradigm (the Covid-19 pandemic). In contrast, individual ownership structures face a higher risk (due to a lack of portfolio diversification), usually depend on a sole owner or related family members and are more limited and less scalable in terms of operations' strategy.

Secondly, this pandemic has also accelerated some Online Food Delivery trends and created new business opportunities, such as the adoption of dark kitchens and virtual restaurants. These business models (that are in fact very similar) are created to provide solely for online channels, with virtual restaurants requiring a direct association to an already established physical restaurant.

Finally, Uber Eats has a clear competitive advantage in Lisbon and Oporto, given that Uber Rides contributed to a strong brand awareness, there is a more mature digitalization and Online Food Delivery has been part of the consumer's habits for longer. Therefore, restaurants had already been introduced to the concept of food delivery, consequently adapting more easily to the industry shift resulting from the Covid-19 pandemic. However, the same does not apply to other cities in which Uber does not have the same advantage. Thus, in order to help restaurants keep up with Lisbon and Oporto, the platform must show that its services are a profitable additional source of revenue for restaurants, guarantee a positive feedback from its partners and tackle threats that resulted from the sudden business growth (as the lack of couriers to face the ongoing demand), that can put the platform's competitive advantage at risk. Additionally, it needs to stimulate the user's needs and to guarantee that Uber Eats is their first option, because consumers also dictate the performance of Online Food Delivery.

7.2 Work Project Limitations

Despite the efforts to deliver the most accurate Work Project, there were some aspects that could not be outweighed. On one hand, the greater and more diversified the sample was,

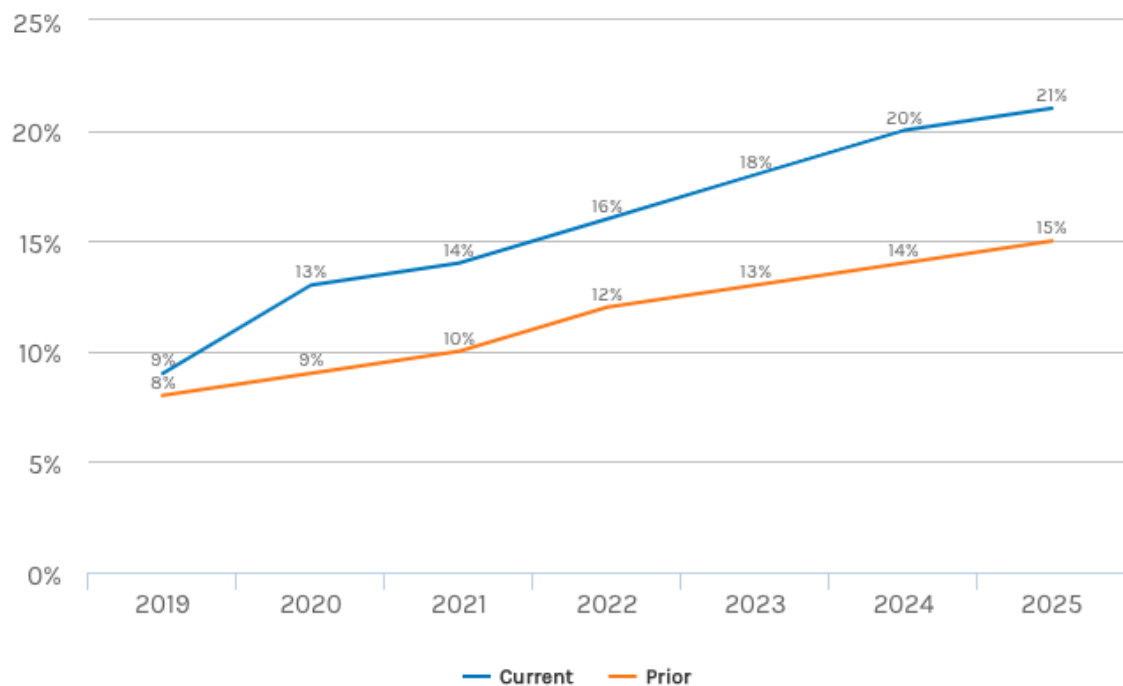
the more insightful and precise would be the results. This analysis consisted of a wide selection of restaurants (geographically spread and ranging multiple management structures and types of restaurants). Still, it could have been elevated both in terms of size (number of interviews) and scope (missing regions such as Ponta Delgada or Funchal). On the other hand, Uber Eats has a strict privacy data policy, with many restrictions in regard to sharing confidential information. Thus, numerical indicators, specific figures/examples and internal practices/approaches were left out, limiting, in some ways, this research.

7.3 Further Research

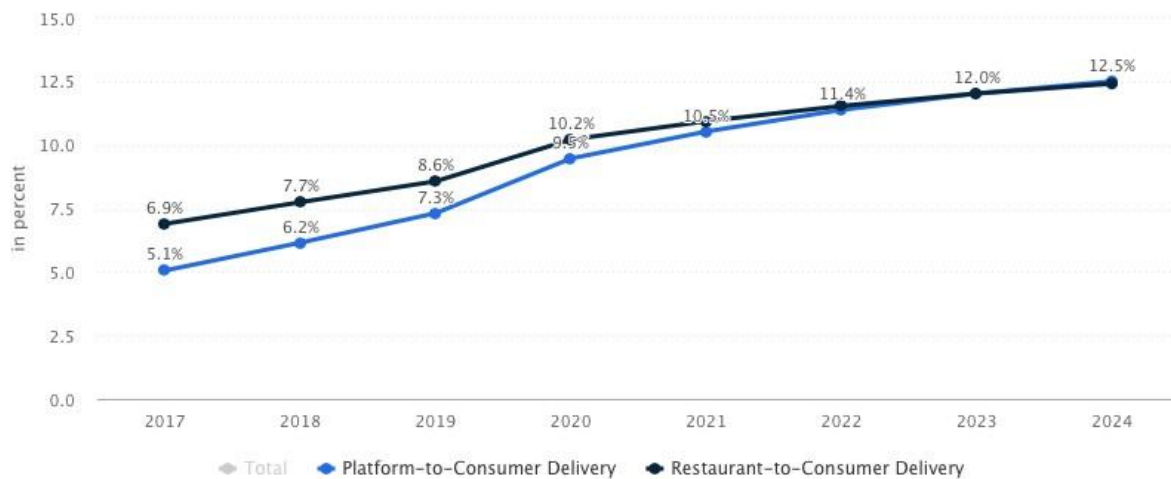
Beyond the aspects analyzed throughout this Work Project, it would be interesting to deepen the understanding of other related subjects. Firstly, one example could be to analyze the weight of Online Food Delivery on the restaurant's revenues in a context of post Covid-19 (after reaching a stabilized scenario), to understand the actual impact of the pandemic on this industry's business. Secondly, it would be insightful to assess the impact of the recent and emerging international competitors, on both Uber Eats' competitive advantage and actual Online Food Delivery users. Finally, these platforms are reducing personalized support (the so-called lack of humanization), to be able to respond to the increasing number of restaurants integrating Online Food Delivery platforms. Thus, further research might involve understanding how these platforms will meet the individual needs of an increasing portfolio of restaurants, while automating their resources and tools to efficiently operate the business.

8. Appendix

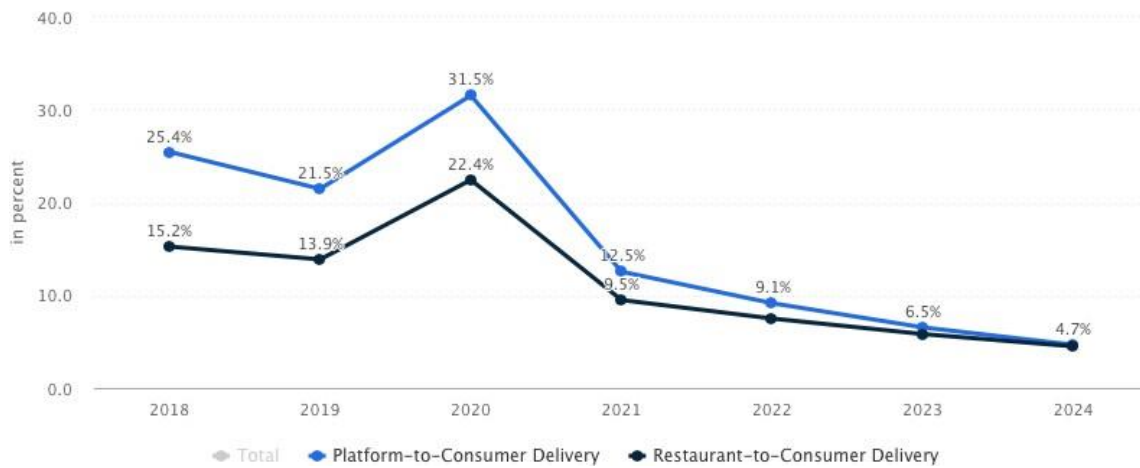
Appendix 1 – Online Food Delivery Penetration Share of Total Addressable Market (Morgan Stanley 2020)



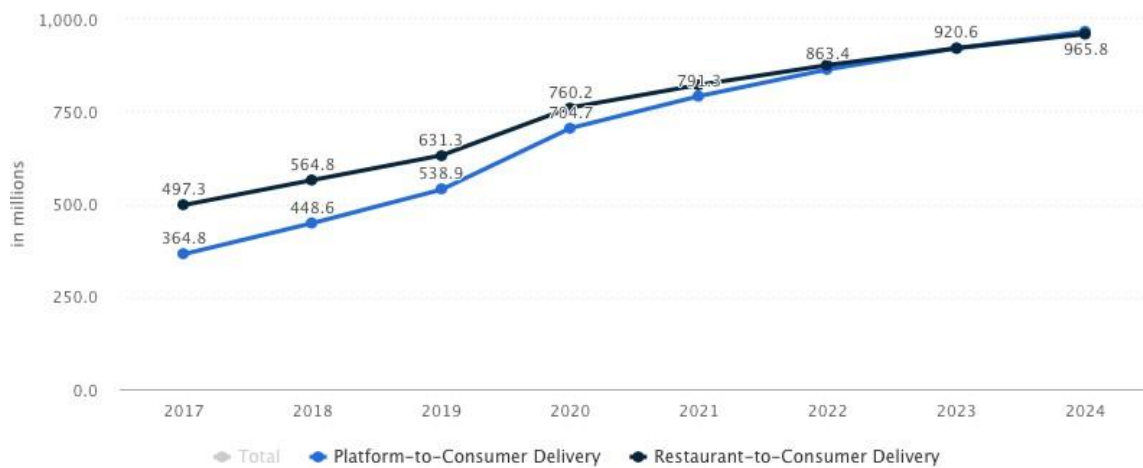
Appendix 2 – Online Food Delivery Worldwide Revenue Growth (Statista 2020)



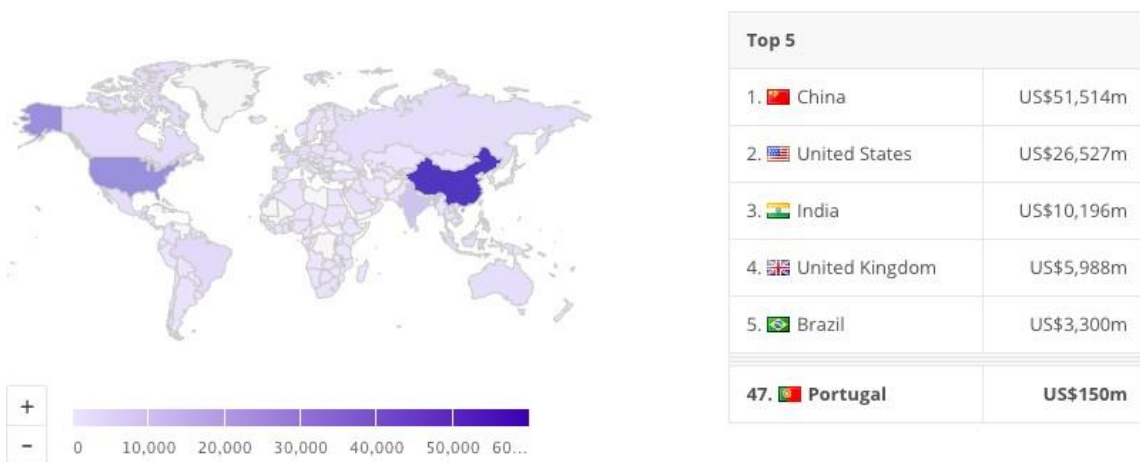
Appendix 3 – Online Food Delivery Worldwide Users (Statista 2020)



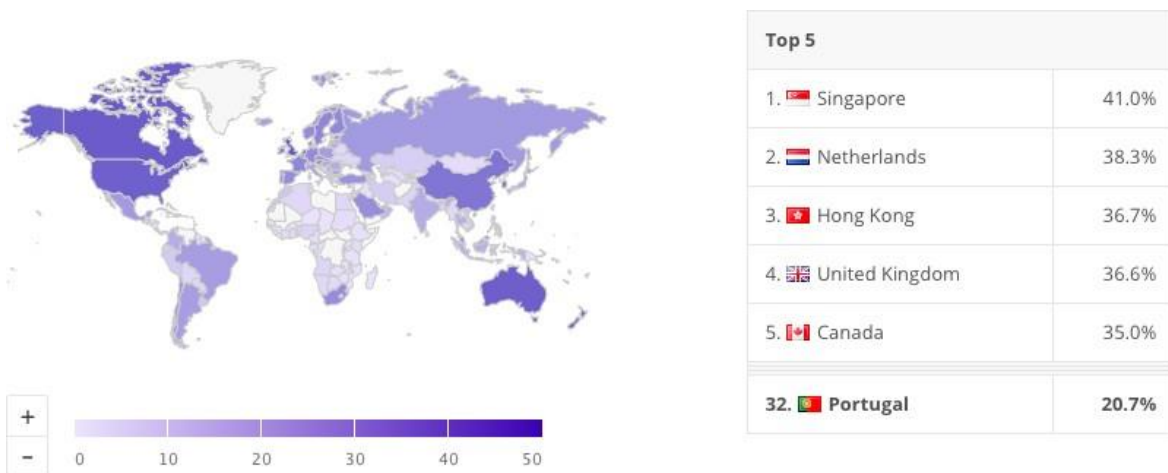
Appendix 4 - Online Food Delivery Worldwide Penetration Rate (Statista 2020)



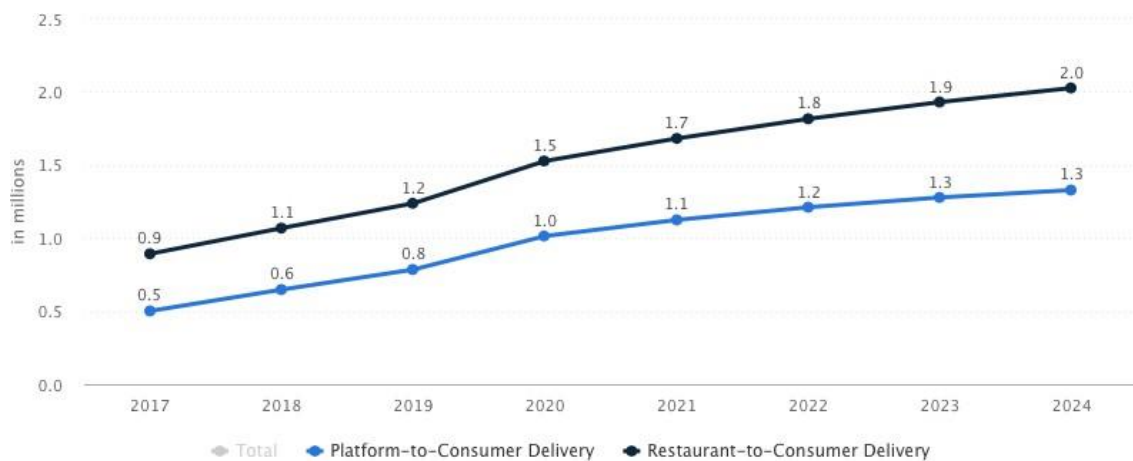
Appendix 5 – Online Food Delivery Global Comparison (Revenues) (Statista 2020)



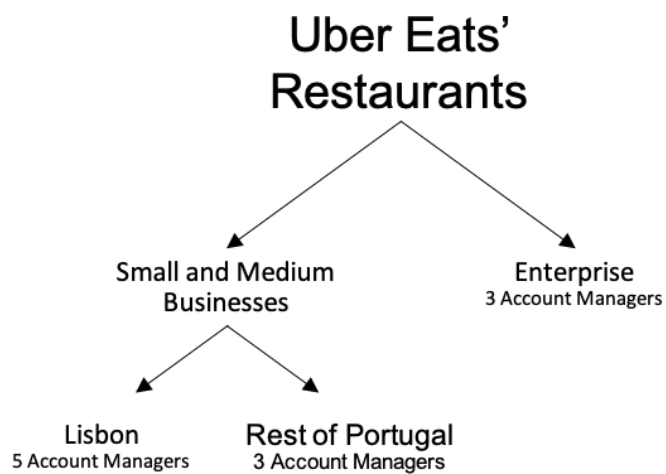
Appendix 6 - Online Food Delivery Global Comparison (User Penetration) (Statista 2020)



Appendix 7 – Online Food Delivery Portugal Users (Statista 2020)



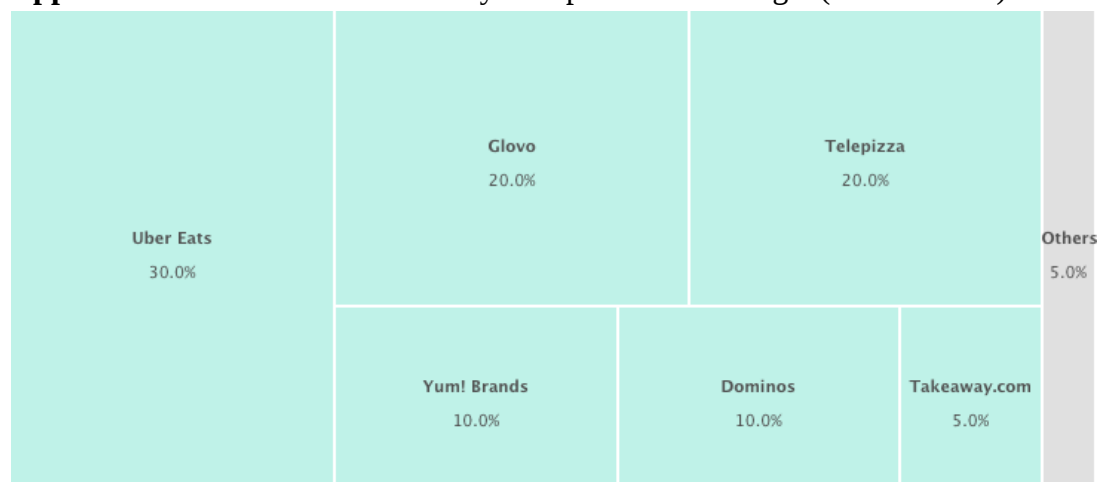
Appendix 8 – Uber Eats' Restaurants Management Structure



Appendix 9 – Uber Eats’ Internship Portfolio (Rest of Portugal)

Geographies (Geo)	Cities
Algarve	Olhão, Faro, Vilamoura, Loulé, Almancil, Albufeira, Portimão, Lagos, Guia, Vila Real de Santo António
Évora	Évora
Beja	Beja
Santarém	Santarém, Tomar, Fátima
Leiria	Leiria, Caldas da Rainha, Marinha Grande
Vila Real	Vila Real
Viseu	Viseu
Aveiro	Aveiro, Águeda, Gafanha da Nazaré
Coimbra	Coimbra, Figueira da Foz
Paços de Ferreira	Paços de Ferreira
Castelo Branco	Castelo Branco, Covilhã
Bragança	Bragança
Funchal	Funchal
Ponta Delgada	Ponta Delgada

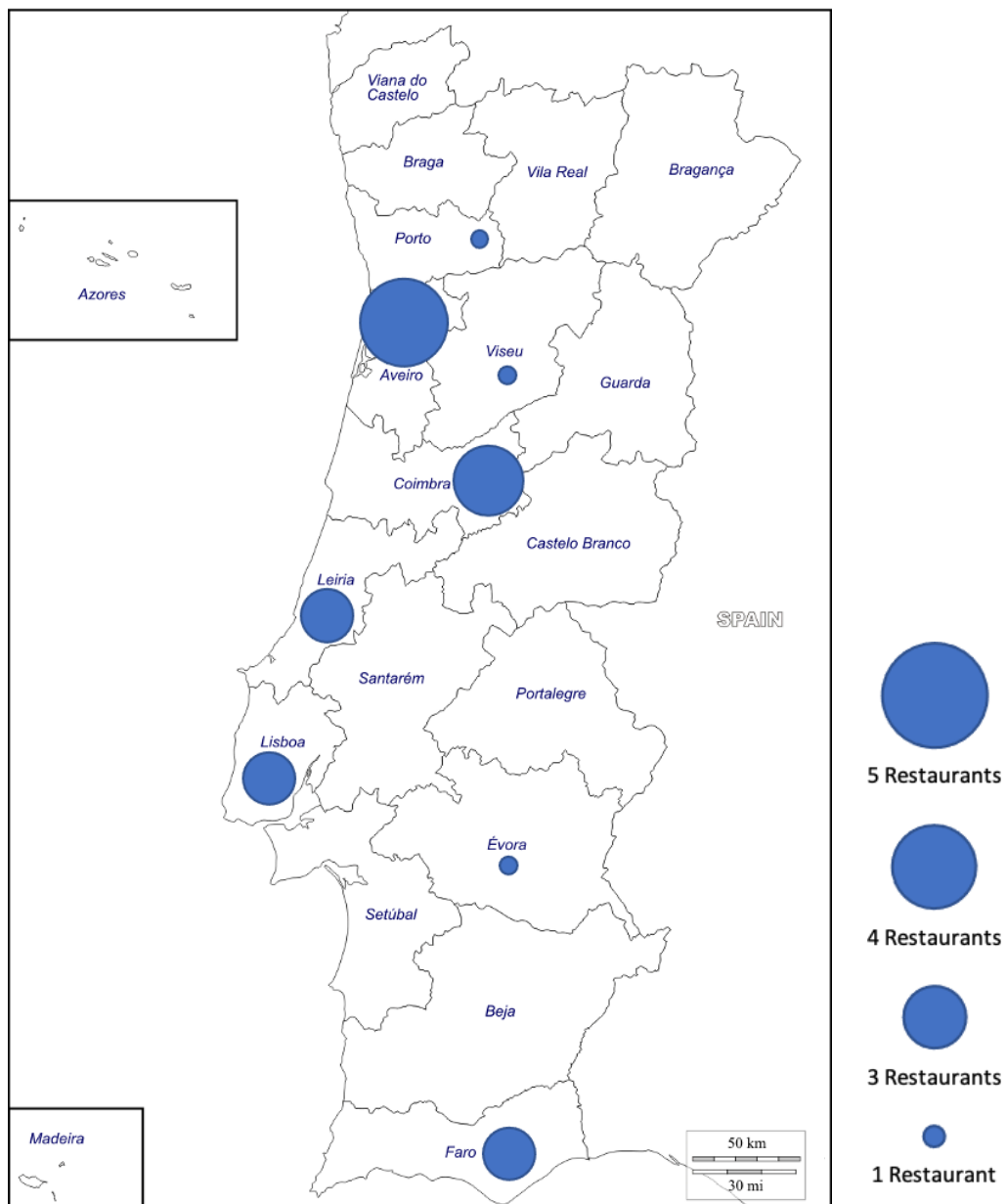
Appendix 10 – Online Food Delivery Competitors in Portugal (Statista 2020)



Appendix 11 - Work Project Sample (Restaurants)

Interview	Group Ownership	Geo	Main Location	Secondary Locations
1	No	Lisbon	Lisbon	N/A
2	Yes	Lisbon	Lisbon	(+1) Lisbon
3	Yes	Algarve	Faro	(+1) Faro (+1) Almancil
4	No	Coimbra	Coimbra	N/A
5	Yes	Coimbra	Coimbra	(+1) Coimbra (+1) Viseu
6	No	Coimbra	Coimbra	N/A
7	No	Évora	Évora	N/A
8	No	Paços de Ferreira	Paços de Ferreira	N/A
9	No	Leiria	Leiria	N/A
10	Yes	Leiria	Leiria	(+1) Leiria
11	Yes	Aveiro	Aveiro	(+1) Aveiro
12	Yes	Aveiro	Aveiro	(+2) Aveiro

Appendix 12 – Geographical Distribution of the Sample (Restaurants)



Appendix 13 – Overview of the Restaurants’ Interviews

Interview	Group Ownership	Type of Restaurant	Business Structure	Initial Adaptations to Online Platforms		Uber Eats’ Advantage	Uber Eats’ Disadvantage
				Menu Strategy	Packaging Strategy		
1	No	Dark Kitchen	Professional Management	N/A	N/A	Scale	Service Fee
2	Yes	Brick and Mortar	Professional Management	(i) Menu Structure (ii) Price	N/A	Scale	Service Fee
3	Yes	(i) Brick and Mortar (ii) Virtual Restaurant	Professional Management	Price	Sustainable Packaging	Notoriety	Couriers
4	No	Brick and Mortar	Sole Management	Price	Cheapest Packaging	Scale	Support
5	Yes	Brick and Mortar	Professional Management	(i) Menu Exclusive for Delivery (ii) Menu Structure (iii) Item Test	Elevated Packaging	Marketing Campaigns	Couriers
6	No	Brick and Mortar	Sole Management	N/A	Cheapest Packaging	Notoriety	Couriers
7	No	Dark Kitchen	Professional Management	N/A	N/A	App’s Software	Support
8	No	Brick and Mortar	Family Business	(i) Menu Structure (ii) Price	Cheapest Packaging	Marketing Campaigns	Support
9	No	Brick and Mortar	Family Business	N/A	Elevated Packaging	App’s Software	Couriers
10	Yes	Brick and Mortar	Professional Management	(i) Menu Structure (ii) Price	(i) Elevated Packaging (ii) Sustainable Packaging	App’s Software	Service Fee
11	Yes	(i) Brick and Mortar (ii) Virtual Restaurant	Professional Management	N/A	Elevated Packaging	Marketing Campaigns	Lack of Humanization
12	Yes	Brick and Mortar	Professional Management	Price	Sustainable Packaging	Marketing Campaigns	Couriers

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